

January 2026 marked the start of the year with a more complex and nuanced macroeconomic picture compared to the end of 2025. The global economy continued to show robustness, yet the month was characterized by clear indications that growth is moving into a more mature phase where the effects of earlier tight monetary policy and trade policy measures are increasingly evident. Additionally, the markets were challenged by geopolitical unrest and more cautious central bank communication.

The overall growth outlook remained stable. International organizations maintained expectations for global growth around 3.3% in 2026, supported by still strong activity levels in the US. In the US, consumer spending continued to show resilience, while investments — particularly related to AI and digital infrastructure — continued to have a positive impact. Growth in the Eurozone was more subdued but was supported by public investments and fiscal measures. January’s economic indicators, however, pointed towards a less even momentum with certain sectors continuing to grow while others showed clear signs of slowing.

Inflation continued its gradual downward trend. Decreasing prices for energy and oil contributed to lower headline inflation, particularly in Europe, where inflation expectations now stand below 2% for 2026. In the US, inflation remained more entrenched, especially in core inflation where service-related price pressures were still apparent. Overall, there were no major inflation surprises in January, which supported the central banks’ decision to adopt a more wait-and-see stance.

The labor markets also showed clear signs of cooling down. In the US, unemployment gradually increased to around 4.4%, while job creation significantly slowed compared to previous years. The combination of lower immigration and softened demand for labor has led to an environment characterized by low hiring activity but also limited layoffs. In the Eurozone, the labor market remained relatively stable, albeit without signs of renewed strength.

The US central bank opted at its meeting on January 27 to 28 to maintain the deposit rate in the range of 3.50-3.75% after three rate cuts in 2025. Although some members argued for further easing, the majority signaled that the economy remains robust enough to justify a pause in adjustments. Powell emphasized that future decisions would be strictly data-dependent, and markets adjusted their expectations, anticipating that the next rate cut might not occur until later in the year.

Credit markets sent a clear signal of high risk appetite. Yield spreads on US corporate bonds fell further, reaching levels close to historical lows. Particularly, the investment grade market experienced strong demand despite limited compensation for credit risk, indicating a market that is aggressively priced and vulnerable to later shifts in growth outlook or yield sentiment.

Equity markets saw more uneven developments. In the US, the focus was on earnings and continued investments in AI, but also on concerns about the returns from massive capital expenditures in the technology sector. Major indices moved sideways with periods of heightened volatility. In Europe, the picture was similarly mixed, with some defensive and industrial stocks performing relatively well, while technology companies faced pressure.

A central geopolitical theme in January was the situation around Greenland and the Arctic. President Donald Trump renewed pressure on Denmark for increased American access and control, which initially in the month created significant unrest with threats of both tariff measures and military implications. The situation briefly escalated but was gradually de-escalated through diplomatic initiatives and cooperation within NATO. The focus has since shifted to negotiations on increased American military and economic presence in the region, without any sovereignty concessions. Denmark and Greenland have maintained sovereignty but also signaled a willingness to cooperate on security and investments. For markets, the episode has underscored the Arctic’s growing strategic importance and contributed to an elevated geopolitical risk premium, especially related to supply security and raw materials.

Overall, January showed an economy that continues to hold steady but is moving into a more sensitive and politically influenced environment. The combination of decreasing labor market strength, tight credit markets, a pause in monetary policy, and geopolitical uncertainty points to a year where market movements will be driven more by the balance between growth resilience and political risks, rather than clear tailwinds from macroeconomics.

| Date | DKK SWAP 2Y | DKK SWAP 5Y | DKK SWAP 10Y | DKK SWAP 30Y | DKK SWAP 10Y-2Y |
|------------|-------------|-------------|--------------|--------------|-----------------|
| 31-12-2022 | 3.55 | 3.38 | 3.32 | 2.65 | -0.23 |
| 31-12-2023 | 2.94 | 2.62 | 2.67 | 2.51 | -0.27 |
| 31-12-2024 | 2.26 | 2.36 | 2.49 | 2.29 | 0.23 |
| 30-06-2025 | 2.10 | 2.41 | 2.76 | 2.86 | 0.67 |
| 31-12-2025 | 2.39 | 2.76 | 3.12 | 3.43 | 0.73 |
| 31-01-2026 | 2.33 | 2.68 | 3.04 | 3.33 | 0.71 |

| Date | EUR SWAP 2Y | EUR SWAP 5Y | EUR SWAP 10Y | EUR SWAP 30Y | EUR SWAP 10Y-2Y |
|------------|-------------|-------------|--------------|--------------|-----------------|
| 31-12-2022 | 3.38 | 3.21 | 3.17 | 2.50 | -0.21 |
| 31-12-2023 | 2.82 | 2.44 | 2.50 | 2.34 | -0.32 |
| 31-12-2024 | 2.19 | 2.24 | 2.36 | 2.16 | 0.17 |
| 30-06-2025 | 2.00 | 2.27 | 2.60 | 2.75 | 0.60 |
| 31-12-2025 | 2.26 | 2.58 | 2.93 | 3.25 | 0.67 |
| 31-01-2026 | 2.23 | 2.52 | 2.87 | 3.17 | 0.64 |

Source: Nordea Analytics

The Bond Market

January ended with marginally lower yields compared to the end of 2025. Although yields initially rose at the start of January, they fell towards the end of the month due to a notable strengthening of the euro. Callable bonds began the year underperforming against both swap yields and government yields but regained some ground later in the month. For most of January, we had the 4% 2056 callable bonds, both with and without optional repayment, available, but by the end of January, those with repayment had ceased issuance. We have an auction scheduled in early February for adjustable rate mortgages for the April period, but despite the upcoming auctions, we observed performance in these against swap and government yields.

Callable OAS DKKSwap - Nykredit



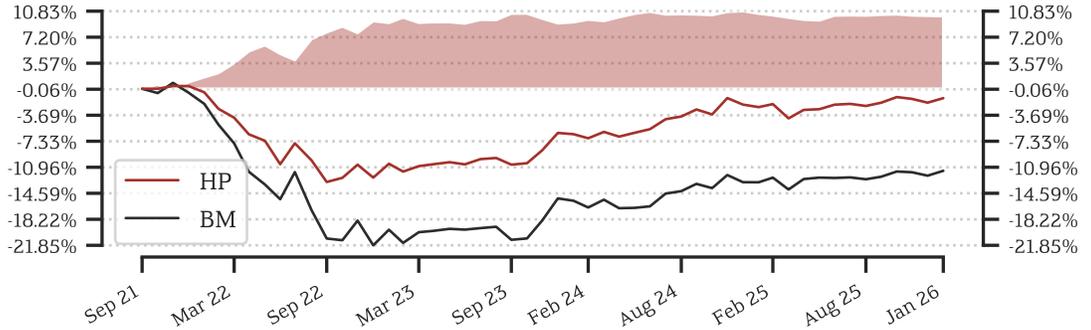
The Danish krone was under pressure for much of January, close to the 747.30 trigger point where the National Bank previously intervened but strengthened to below 7.47 by the end of January. The weakening of the krone led to speculation about a possible narrowing of the negative 40 basis point yield spread between the National Bank's rate and the ECB's deposit rate, likely a primary reason for the aforementioned widening spreads on callable bonds. Additionally, the National Bank opened a new 2-year government bond in mid-January, sold 6 billion, and received robust demand with bids totaling 16 billion at the auction.

| | 1Y | 2Y | 3Y | 5Y | 7Y |
|-----------------------------|------|------|------|------|------|
| DK Mortgage CM | | 0.50 | 0.52 | 0.57 | |
| DK Mortgage Callable CM | | | 0.76 | 0.66 | 0.66 |
| DK Mortgage Non-Callable CM | 0.23 | | 0.52 | | |
| DK Government CM | | 0.25 | 0.32 | 0.46 | 0.45 |

Table: Return in % for CM index, 2026, source: Nordea Analytics

The FED held a meeting at the end of January and, as expected, kept the rate unchanged. We anticipate that they will maintain the rate until mid-year when they are expected to make a rate cut. Trump announced his nominee for the new FED chairman, Kevin Warsh, who was immediately well-received by the financial markets. The ECB has a meeting scheduled at the beginning of February, with no change in the deposit rate expected throughout 2026.

Extraordinary calls on callable bonds for the April term amounted to 19.8 billion, indicating a continued trend of debtors moving from fixed-rate loans to adjustable-rate mortgages and loans with floating rates mainly from RD and Nordea to priority loans. Consequently, the total segment of callable bonds looks set to continue its reduction also in 2026, thus we still expect investor interest especially in on-the-run callable bonds with coupons of respectively 4% and 3.5%.



*Benchmark: 100% GBEUTREU

| | HP | BM | Excess |
|--------------------------|-------|--------|--------|
| YTD | 0.64 | 0.77 | -0.13 |
| 1 year annualized return | 1.27 | 1.83 | -0.56 |
| 3 year annualized return | 3.30 | 3.30 | 0.00 |
| Since Start | -1.31 | -11.45 | 10.14 |
| Avg. | -0.30 | -2.76 | 2.46 |

| Key figures | EOM |
|-------------|--------|
| NAV | 100.37 |
| Duration | 6.64 |
| HPR | 3.80 % |

| Top holdings | Name | Weight |
|--------------|-----------------------|--------|
| DE000BU3Z005 | 2.3% DE 2033 | 9.36 % |
| AT0000A2Y8G4 | RAGB 1.85 05/23/49 | 6.80 % |
| DE0001030724 | 0% DE 2050 Z | 6.49 % |
| FR0013234333 | 1.75% FR 2039 | 5.32 % |
| DK0030540638 | SPNODC 4,125 10/01/30 | 4.46 % |

| | Jan |
|-----------|-------|
| Return | 0.64 |
| Benchmark | 0.77 |
| Excess | -0.13 |

In January, the subfund reported a negative return of 0.64%, which was slightly below the benchmark of 0.74%.

The lower performance compared to the benchmark was due to our lower proportion of corporate bonds in the portfolio.

We remain cautious in purchasing credit bonds, given the very low credit spreads currently prevailing. We did not make any purchases in the month, and the auctions that occurred in the primary market attracted unusually high interest from other market participants, leading us to decide not to participate.

With the current conservative portfolio, the 12-month holding period return is estimated to be around 3.80% under unchanged conditions.

The subfund's sustainable investment goal is to contribute to the reduction of greenhouse gas emissions through investments in green bonds, which, for example, finance the expansion of renewable energy or initiatives for energy efficiency, and to contribute to selected global goals. Based on available data from individual issuers, the current reduction of greenhouse gas emissions is calculated to be 58.08 tons CO₂ per invested million kroner per year. Due to purchases of new issues, which still lack available sustainability-related data, the subfund's greenhouse gas reduction has decreased from last month.

More information about the subfund's green profile can be found in our 2024 Sustainability Report, released at the start of the month. The report is available on the subfund's website under news.

The subfund was listed on the stock exchange on March 5th, 2024.

Visit the subfund's website www.hpinvest.dk.